Opening Statement

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Committee on Financial Services

Subcommittee on Domestic and International Monetary Policy, Trade and Technology

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"Opening Trade in Financial Services – The Chile Singapore Example"

Good morning, I would like to thank Chairman King for holding this important hearing on the financial services provisions in the recent Chile and Singapore free trade agreements. Chile and Singapore have long been close allies of the United States and I applaud the Administration for negotiating what I see to be two strong agreements that will bring our countries together and help spur economic growth.

Free trade is critical to the development of the global economy and the future of the United States. Last year we successfully passed the Trade Promotion Authority Act which empowered the President to negotiate trade agreements without changes from Congress that would effectively kill the agreed-upon terms. The large number of countries that have lined up seeking to enter into free trade negotiations with our country demonstrates the success of Trade Promotion Authority.

Trade in financial services is an essential part of the agreements we will be discussing today. These agreements set a high standard for other countries to open their markets and grant U.S. financial service providers the ability to operate on a level playing field. Also, by granting their citizens access to U.S. financial service products, these countries will see an increase in growth and an improvement in the operation of their domestic markets. These agreements include important improvements in transparency of regulation, increased access to banking, securities and insurance markets and important cross-border trade provisions.

I am looking forward to an interesting discussion from our witnesses on the issue of the free flow of capital. This issue was discussed at length by the negotiators and, in the end, the U.S. reached a compromise that all sides assented to. In essence, Chile and Singapore are permitted to institute measures that restrict capital for short periods of time, as long as these restrictions do not substantially impede transfers. In my opinion, this is reasonable and will give U.S. investors confidence that they will have access to their capital in these countries.

The free flow of capital is vital to economic growth, fostering development, and increasing investor confidence. These provisions signal to the markets that Chile and Singapore are sound markets in which to invest in, and that they are committed to free market principles. I would like to acknowledge Treasury and USTR officials for their hard work in negotiating these agreements and also want to welcome our distinguished panel to the Committee. I look forward to your testimony. Thank you.